



North Carolina Department of Health and Human Services

Pat McCrory
Governor

Richard O. Brajer
Secretary

October 30, 2015

Over the coming year, as a State, we will be engaged in the process of redefining the linkages, incentives and alignment of resources for improving the health of our citizens.

While the shorthand for this effort is "Medicaid Reform," in practice it is far broader. It is the umbrella - the larger context - for health care redesign in North Carolina.

Providers, payers, hospitals, health care systems, associations, advocacy organizations, public health departments, and LME/MCOs will come together through a process led by the Department of Health and Human Services (through the new Division of Health Benefits) to complete important near-term deliverables, as well propose a framework for the long-term system redesign.

I'm writing today to confirm the context for and priorities outlined in recent discussions with LME/MCO CEOs during last week's call and County Commissioners during the Board of Directors meeting in Wilmington:

- In response to what we anticipate will be a growing number of requests to approve LME/MCO mergers and county movement from one LME/MCO to another, I described how we will not be acting on requests *at this time*, but fully expect to begin doing so in early summer 2016.
- The rationale for this timeframe is to focus and allow the work of the health care community, *including LME/MCOs*, to complete the work described above. This way, everyone will know what future we're driving toward, decisions can be made by boards, counties and DHHS within that context, and the State can be assured that movement within the system will neither disrupt services nor destabilize the system.
- For example, region design will impact referral patterns. Payment reform could impact the location of care as well as the degree of integration between physical and behavioral health.
- Furthermore, there is important work that has not yet been completed that will impact LME/MCOs and counties. Our department has been asked to complete rules promulgation for county movement (formally called "disengagement"). Furthermore, the allocation of second-year cash reserve draw-downs for each LME/MCO has not been communicated.

I recognize the importance of this "pause" to some counties and some LME/MCOs. To be clear, I strongly support and am appreciative of the degree of engagement that LME/MCO CEOs, boards and counties are putting into preparing for the future of reform.

At this time, our great State is relying on us- you *and* me- to invest our best thinking as participants in the process of Medicaid Reform, to accelerate our progress in supported housing for citizens with serious mental illness, and to improve the timeliness of delivery of our Food and Nutrition Services benefits to our most vulnerable citizens.

I welcome your input and encourage you to reach out with your thoughts, ideas and questions as we move forward in this direction.

Thank you,

A handwritten signature in black ink, appearing to read "ROB", followed by a long horizontal flourish.

Richard O. Brajer

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